

1 COOLEY GODWARD KRONISH LLP
JOHN C. DWYER (136533) (dwyerjc@cooley.com)
2 JEFFREY S. KARR (186372) (jkarr@cooley.com)
JEFFREY M. KABAN (235734) (jkaban@cooley.com)
3 Five Palo Alto Square
3000 El Camino Real
4 Palo Alto, CA 94306-2155
Telephone: (650) 843-5000
5 Facsimile: (650) 843-0663

6 Attorneys for Nominal Defendant
Power Integrations, Inc.
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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION
11

12 Kimberly Quaco, Derivatively on Behalf of
Nominal Defendant POWER
13 INTEGRATIONS, INC.,

14 Plaintiff,

15 v.

16 Balu Balakrishnan, et al.

17 Defendants,

18 Power Integrations, Inc.,

19 Nominal Defendant.

Case No. C-06-2811-MHP

**STIPULATION AND ~~PROPOSED~~ ORDER
STAYING POWER INTEGRATIONS'
MOTION TO DISMISS TO ALLOW THE
PARTIES TO FILE A MOTION FOR
PRELIMINARY APPROVAL OF
SETTLEMENT**

20 Pursuant to Northern District Civil Local Rule 6-2, Nominal Defendant Power
21 Integrations, Inc. ("Power Integrations") and Representative Plaintiffs Geoffrey Wren, Kimberly
22 Quaco, and Christopher DeBoskey ("Plaintiffs"), by and through their respective counsel of
23 record, hereby stipulate and agree to extend the stay of Power Integrations' Motion to Dismiss to
24 allow the parties to execute a written settlement agreement and file a Motion for Preliminary
25 Approval of Settlement by one week. Previously, the parties agreed that if they had not submitted
26 a Motion for Preliminary Approval of Settlement by January 18, 2008, Power Integrations would
27 have two weeks from that date to file its Motion to Dismiss and would meet and confer with
28 plaintiff's counsel and submit a further stipulation regarding the briefing schedule and new

1 hearing date for such hearing. There has been an unexpected delay in obtaining final approval,
2 the parties need additional time to *execute* the written settlement agreement and file a Motion for
3 Preliminary Approval of Settlement and have agreed to extend the stay by one week, such that if
4 the parties have not submitted a Motion for Preliminary Approval of Settlement by January 25,
5 2008, Power Integrations will have two weeks from such date to file its Motion to Dismiss. The
6 parties anticipate that this will be the last extension necessary. This stipulation is based on the
7 following facts:

8 **Whereas**, representative plaintiff Kimberly Quaco initiated this shareholder derivative
9 case on behalf of Nominal Defendant Power Integrations on or about April 25, 2006;

10 **Whereas**, on May 10, 2006, the parties stipulated that plaintiff would file the amended
11 complaint on or before May 26, 2006 and that defendants would respond to such amended
12 complaint on or before June 26, 2006;

13 **Whereas**, representative plaintiff Kimberly Quaco filed an amended complaint on
14 May 26, 2006. At the time of filing, counsel for Power Integrations no longer represented all
15 individual defendants. As a result, service was not completed on all defendants at the same time.
16 By stipulation dated June 22, 2006 (and approved by the Court), the parties agreed to an effective
17 service date and agreed that defendants would respond to the Quaco amended complaint on or
18 before September 12, 2006;

19 **Whereas**, on August 1, 2006, after the parties had set the service and response dates by
20 stipulation, Kathryn Champlin initiated a shareholder derivative action on behalf of Nominal
21 Defendant Power Integrations based upon allegations that were virtually identical to those alleged
22 in the Quaco case. Champlin also moved to be appointed lead plaintiff in the case;

23 **Whereas**, on September 5, 2006, the Court granted Power Integrations' motion to extend
24 the time to respond to the Quaco amended complaint until after the motion to consolidate and
25 appoint lead plaintiff was resolved;

26 **Whereas**, on December 18, 2006, the Court appointed Geoffrey Wren as lead plaintiff
27 and the law firm of Schiffrin Barroway Topaz & Kessler, LLP as lead counsel and ordered
28 plaintiff to file a consolidated complaint no later than January 17, 2007;

Whereas, on February 9, 2007, April 10, 2007, and May 31, 2007, pursuant to stipulations by the parties, the Court extended Power Integrations' time to respond to the Consolidated Complaint and stayed all other activities to allow the parties to engage in informal discovery and to discuss a potential resolution of this matter;

Whereas, on August 3, 2007, pursuant to a stipulation by the parties, plaintiffs filed an Amended Consolidated Complaint;

Whereas, on September 11, 2007, and October 11, 2007 pursuant to stipulations by the parties, the Court extended Power Integrations' time to respond to the Amended Consolidated Complaint and stayed all other activities to allow the parties to continue to discuss a potential resolution of this matter;

Whereas, on October 4, 2007, the parties participated in a productive mediation with the Honorable Eugene Lynch (Ret.);

Whereas, since the mediation, the parties have been engaged and continue to engage in negotiations with the goal of presenting a final written settlement agreement to the Court for preliminary approval on or before November 30, 2007;

Whereas, pursuant to stipulations filed on November 30, 2007, December 14, 2007, December 28, 2007, and January 11, 2008, the Court has extended the stay to allow the parties to finalize and present a final written settlement agreement to the Court for preliminary approval;

Whereas, the parties are working diligently and have now circulated what is believed to be a final agreement for review and approval by all parties;

Whereas, there has been an unexpected delay in obtaining final approval;

Whereas, the parties anticipate that this will be the last extension necessary;

Whereas, the only scheduled events in this case are the briefing and hearing dates on nominal defendant Power Integrations' motion to dismiss the case for failure of plaintiff to comply with the shareholder demand requirement. No other scheduled dates will be affected by this stipulation.

Now, therefore, it is hereby stipulated, by and between the undersigned, as follows:

1. Power Integrations response date and the corresponding briefing schedule to the

1 Amended Consolidated Complaint are stayed;

2 2. If the parties do not file a Motion for Preliminary Approval of Settlement by
3 January 25, 2008, Power Integrations' response to the Amended Consolidated Complaint will be
4 due within two weeks of such date. If such filing becomes necessary, counsel for Power
5 Integrations will meet and confer with counsel for the plaintiffs and select a mutually agreeable
6 date for the remaining briefing schedule and hearing and submit a stipulation with such dates for
7 approval.

8 Dated: January 18, 2008

BORNSTEIN & BORNSTEIN

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10 By: /s/ Jonathan Bornstein
Jonathan Bornstein

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12 Liaison Counsel for Lead Plaintiffs

13 Dated: January 18, 2008

COOLEY GODWARD KRONISH LLP

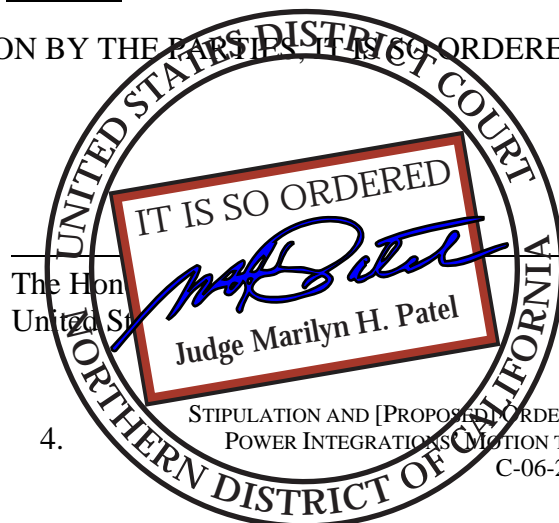
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15
16 By: /s/ Jeffrey S. Karr
Jeffrey S. Karr

17 Attorneys for Nominal Defendant
18 Power Integrations, Inc.

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22 **ORDER**

23 PURSUANT TO THE STIPULATION BY THE PARTIES, IT IS SO ORDERED.

24
25
26 Dated: 1/23, 2008



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FILER'S ATTESTATION

Pursuant to General Order No. 45, Section X, Subparagraph B, the undersigned attests that all parties have concurred in the filing of this Stipulation and [Proposed] Order.

Dated: January 18, 2008 COOLEY GODWARD KRONISH LLP

By: /s/ Jeffrey M. Kaban
Jeffrey M. Kaban

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